

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2401H.01I
Bill No.: HB 1037
Subject: Consumer Protection; Drugs and Controlled Substances; Department of Health
and Senior Services
Type: Original
Date: February 23, 2025

Bill Summary: This proposal creates new provisions relating to the sale of kratom products.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* **Oversight** notes there may be a potential reduction in licensing fees currently collected by local governments. Due to a lack of information from local governments, Oversight assumes an unknown impact of under \$250,000 annually.

FISCAL ANALYSIS

ASSUMPTION

§ 196.1170 – Sale of kratom products

Officials from the **Missouri Office of Prosecution Services (MOPS)** state there is no measurable fiscal impact to MOPS. The enactment of a new crime creates additional responsibilities for county prosecutors and the circuit attorney which may in turn result in additional costs which are difficult to determine.

Officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Department of Public Safety - Missouri Highway Patrol**, the **Office of the State Courts Administrator**, the **Office of the State Public Defender**, the **City of Kansas City** and the **City of O’Fallon** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to similar legislation from the current session (HB 504), officials from the **Office of the State Courts Administrator** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes provisions of this bill (§ 196.1170.3) provides that the General Assembly occupies and preempts the regulation of kratom to the complete exclusion of any order, ordinance, or regulation of any political subdivision of the state and that any political subdivision’s existing or future orders, ordinances or regulations relating to kratom will be void. As Oversight does not have information to the contrary, Oversight will reflect a \$0 to (Unknown) potential loss of revenue to local governments. Due to a lack of information from local governments, Oversight assumes an unknown impact of under \$250,000 annually.

Oversight also notes subsection § 196.1170.7 provides that if a kratom dealer violates certain provisions of this proposal, the dealer is guilty of a class D misdemeanor.

Oversight notes that St. Charles County and St. Louis County already have Kratom ordinances that would be impacted by this proposal.

St. Charles County

Seller registration fee: \$600 for 2 years

Ordinance violations: \$500.00 for the first offense and up to \$1,000.00 for the second or subsequent offense. Each day that such violation continues shall constitute a separate offense.

Purchasing age: 18 years of age

St. Louis County

Seller registration fee: \$35 for 2 years

Ordinance violations: The recipient has the right, within five business days, to request a hearing to contest the responsibility of the recipient for the violation. If no hearing is requested, the recipient shall pay a fine of \$500.00 within ten (10) business days or the matter will be referred to the County Counselor for prosecution.

Purchasing age: 21 years of age

Oversight only reflects the responses received from state agencies and political subdivisions; however, other city and county officials were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL GOVERNMENTS – CITIES			
<u>Revenue Reduction – Cities</u>			
Potential reduction in licensing fees (§196.1170) p. 3	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - CITIES	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>

FISCAL IMPACT – Small Business

This proposal may directly impact small businesses that sell kratom products. (§196.1170)

FISCAL DESCRIPTION

This bill establishes the "Kratom Consumer Protection Act", which requires dealers who prepare, distribute, sell, or expose for sale kratom, as defined in the bill, to disclose the factual basis on which this representation is made. A dealer is prohibited from preparing, distributing, selling, or exposing for sale kratom that does not conform to these labeling requirements.

The General Assembly preempts the entire field of regulating kratom to the exclusion of any order, ordinance, or regulation of any political subdivision of the state. Any existing orders, ordinances, or regulations of any political subdivision of the state relating to kratom are void under this bill.

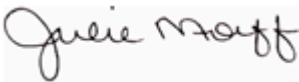
A dealer is prohibited from preparing, distributing, selling, or exposing for sale kratom that is adulterated or contaminated with a dangerous nonkratom substance, contains a level of 7-hydroxymitragynine in the alkaloid fraction that is greater than 2% composition of the product, contains any synthetic alkaloids, or does not include on its package or label the amount of mitragynine, 7-hydroxymitragynine, or other synthetically derived compounds of the plant *Mitragyna speciosa*. A dealer is prohibited from distributing, selling, or exposing for sale kratom to anyone under 18 years of age.

The bill specifies penalties for a violation of these requirements and allows for a person who is aggrieved by a violation of the labeling requirements to bring a cause of action for damages resulting from the violation. (§ 196.1170)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Health and Senior Services
Department of Public Safety – Missouri Highway Patrol
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Office of the State Public Defender
City of Kansas City
City of O'Fallon



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